

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

770 L STREET, SUITE 1000
SACRAMENTO, CA 95814
(916) 324-2726
(916) 324-5597 FAX
<http://www.cmac.ca.gov>

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113
Sacramento, CA

Minutes of Meeting
January 26, 2006

COMMISSIONERS PRESENT

Michele Burton, M.P.H.
Marco Firebaugh
Diane M. Griffiths
Teresa P. Hughes
Vicki Marti
Cathie Bennett Warner

CMAC STAFF PRESENT

Keith Berger, Executive Director
Enid Barnes
Theresa Bueno
Paul Cerles
Denise DeTrano
Holland Golec
Cecilia Lacoste
Steve Soto
Michael Tagupa
Mervin Tamai
Carol Tate
Karen Thalhammer

COMMISSIONER ABSENT

Lynn Schenk

EX-OFFICIO MEMBERS PRESENT

Nathan Stanley, Department of Finance
Toby Douglas, Department of Health Services

I. Call to Order

The January 26, 2006 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Commissioner Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The January 12, 2006 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Mr. Berger informed the Commissioners that there are three amendments and contracts for action during today's closed session, as well as some updates and strategic discussions on current negotiations.

Mr. Berger informed the Commission that they will also be discussing issues regarding the Distressed Hospital Fund during today's closed session. Mr. Berger noted that several presenters at the last Commission meeting appropriately pointed out the Commission needs to consider its decisions on the Distressed Hospital Fund in conjunction with its per-diem and other supplemental program negotiations. Thus, the Commission's next step will be to discuss the respective negotiation strategies and how they can be integrated most effectively into this new program as options are developed for implementing the Distressed Hospital Fund.

Mr. Berger reported that the Department of Health Services (DHS) is working on the final Disproportionate Share Hospital (DSH) list. Once the list is completed, CMAC staff will initiate the second round of negotiations for the Private Hospital Supplemental Fund.

Mr. Berger reminded the Commissioners about the proposed meeting dates for Fiscal Year 2006-07. He indicated that the schedule had not been noticed on the agenda for today's meeting and, therefore, cannot be acted on today. However, it will be noticed for the next Commission meeting on February 9.

Mr. Berger reminded the Commissioners that representatives of the California Children's Hospital Association (CCHA) are scheduled to appear before the Commission for a presentation during the open session on February 9. Historically, CCHA has provided the Commission with an annual update on the activities and challenges facing children's hospitals in California.

Mr. Berger informed the Commission that he was invited by DHS to join them in a meeting with the federal CMS Project Officer for the new 1115 hospital financing demonstration waiver and several CMS representatives from Region IX. Mr. Berger indicated that this gave everyone a chance to put names, faces and organizations together. He stated that DHS participants provided an overview of their respective organizations and the components of the waiver for which they are responsible. He reported that the meeting went quite well.

Mr. Berger asked Mr. Douglas from DHS to update the Commission on other activities related to the waiver.

IV. Department of Health Services Report

Toby Douglas noted that DHS has been working with CMS and the public hospitals on the definition, terms, and conditions for the Certified Public Expenditures (CPE) methodology. He reported that DHS submitted its final interpretations of the CPE to CMS on Monday. The submission included using the Medi-Cal cost reports as the primary source of cost data and allowing the intern and residents programs as part of the CPE cost. The proposed definition excludes physician costs as part of the hospital costs under the Medi-Cal DSH program. Physician costs could still be claimed under the safety net care pool.

Mr. Douglas indicated that DHS is asking CMS for a quick review and turn around. DHS would like to start getting payments out to the public hospitals as soon as possible. The State is also asking CMS to allow DHS to do interim payments from DSH and the safety net care pool. Mr. Douglas stated that the public hospitals are asking for some type of immediate help with cash flow. DHS is looking at alternative ways to help the hospitals.

Mr. Douglas noted that DHS will be turning in a concept paper on the coverage initiative to CMS at the end of the month. DHS has been in discussion with all the concerned stakeholders, public and private hospitals, and those interested in health coverage regarding the coverage initiative. He stated that DHS will be submitting a broad concept paper that outlines the proposals and ideas that have been discussed.

In response to Commissioner Griffith's questions, Mr. Douglas indicated that initially DHS and the public hospitals wanted to include the cost of physician services as part of the DSH allotment. CMS has been disallowing it in other states. DHS will be allowed to claim physician cost as part of the safety net care pool financing, which means that the State will only get a match on about 82% of the costs. In regards to the implications, the DHS allotment funds would still all be spent but may be allocated in a different proportion to those hospitals that would have claimed more physician cost against DSH, meaning that the funds are spread differently. As for the public hospitals concurring with this decision, the hospitals have been an active partner, and DHS did not submit to CMS the latest proposal on the terms and conditions of the CPE until public hospitals concurred.

With respect to the coverage initiative, DHS is exploring many avenues to better assist the many facets of the uninsured population with healthcare. DHS is not focusing on those eligible for Medi-Cal or Healthy Families or any other public assistance; it is focusing on the low income population who have no linkage to the system. This focus will better coordinate their healthcare and create a system of care, whether it is through the existing public safety net hospitals or private hospitals or through health plans, to provide comprehensive coverage.

Mr. Douglas updated the Commission on where DHS is with the Part D Medicare program and its implementation. He stated that as of January 1 the dual eligibles are no longer receiving their prescription drugs through the Medi-Cal program. DHS had been working with CMS over the last year trying to ensure a smooth transition. Unfortunately, DHS has seen over the past few weeks that many of the dual eligibles have not received the drugs they need on a timely basis. Pharmacists were either unable to access the plans the beneficiaries are on, or information about their dual status. Mr. Douglas stated that the Governor started an emergency provision on January 13, where the State pays for the drugs to assure access for dual eligibles while federal provisions are being fixed. DHS then worked with the legislature to pass legislation that will extend the provision from January 27 until Feb 10. CMS has announced that they will repay the State for the cost of these drugs until the middle of February. Mr. Douglas indicated that he would keep the Commission updated on this issue.

V. New Business/Public Comments/Adjournment

There being no further new business and no comments from the public, Commissioner Warner recessed the open session. Commissioner Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Commissioner Warner announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.